

TIDEWATER EMERGENCY MEDICAL SERVICES COUNCIL, INC.

FINANCIAL STATEMENTS

Years Ended June 30, 2023 and 2022

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Zukerman & Associates, Ltd.
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Board of Directors
Tidewater Emergency Medical Services Council, Inc.

Opinion

We have audited the accompanying financial statements of Tidewater Emergency Medical Services Council, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tidewater Emergency Medical Services Council, Inc., as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Tidewater Emergency Medical Services Council, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Tidewater Emergency Medical Services Council, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Tidewater Emergency Medical Services Council Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Tidewater Emergency Medical Services Council, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Zukerman & Associates, Ltd.

Virginia Beach, Virginia
December 14, 2023

TIDEWATER EMERGENCY MEDICAL SERVICES COUNCIL, INC.
STATEMENT OF FINANCIAL POSITION

	<u>June 30,</u>	
	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 178,300	\$ 309,706
Accounts receivable	328,743	308,586
Prepaid expenses	<u>8,833</u>	<u>8,833</u>
Total current assets	515,876	627,125
Investments	1,264,402	1,247,568
Property and equipment	774,115	739,172
Operating lease right of use asset	356,168	-
Other assets	<u>5,450</u>	<u>6,891</u>
Total assets	<u>\$ 2,916,011</u>	<u>\$ 2,620,756</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 14,920	\$ 31,614
Accrued expenses	62,918	59,174
Current portion of operating lease liability	<u>59,170</u>	<u>-</u>
Total current liabilities	137,008	90,788
Operating lease liability, noncurrent	<u>296,998</u>	<u>-</u>
Total liabilities	<u>434,006</u>	<u>90,788</u>
Net assets without donor restrictions:		
Board designated:		
Metropolitan Medical Response System	340,573	402,680
Technical Rescue Team	566,968	498,545
Kent J. Weber Education & Research Fund	132,793	110,264
Eastern Shore EMS	14,431	15,824
Undesignated	<u>1,427,240</u>	<u>1,502,655</u>
Total net assets without donor restrictions	<u>2,482,005</u>	<u>2,529,968</u>
Total liabilities and net assets	<u>\$ 2,916,011</u>	<u>\$ 2,620,756</u>

The accompanying notes are an integral part of the financial statements.

TIDEWATER EMERGENCY MEDICAL SERVICES COUNCIL, INC.

STATEMENT OF ACTIVITIES

	<u>Year Ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Revenues and other support:		
Contract services	\$ 1,371,067	\$ 1,152,333
Training fees	279,907	249,153
Gain on extinguishment of debt	-	128,862
Local government funding	106,089	96,992
Management fees	90,825	85,447
Contributions	82,799	53,750
Rental income	76,611	75,936
Grant income	64,964	3,388
Earnings (loss) on investments	56,824	(102,925)
Other income	<u>14,307</u>	<u>3,933</u>
Total revenues and other support	<u>2,143,393</u>	<u>1,746,869</u>
Expenses:		
Program services:		
Emergency Medical Services	1,067,912	888,255
Healthcare Preparedness Program	600,267	527,604
Metropolitan Medical Response System	<u>415,225</u>	<u>327,696</u>
Total program services	2,083,404	1,743,555
Management and general	<u>107,952</u>	<u>97,951</u>
Total expenses	<u>2,191,356</u>	<u>1,841,506</u>
Decrease in net assets without donor restrictions	(47,963)	(94,637)
Net assets without donor restrictions:		
Beginning of year	<u>2,529,968</u>	<u>2,624,605</u>
End of year	<u>\$ 2,482,005</u>	<u>\$ 2,529,968</u>

The accompanying notes are an integral part of the financial statements.

TIDEWATER EMERGENCY MEDICAL SERVICES COUNCIL, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2023

	<u>Program Services</u>			
	<u>Emergency Medical Services</u>	<u>Healthcare Preparedness Program</u>	<u>Metropolitan Medical Response System</u>	<u>Management and General</u>
Contractual services:				
Accounting	\$ -	\$ -	\$ -	\$ 35,498
Audit and tax	-	-	-	16,900
Bank charges	-	-	-	5,408
Cleaning	3,276	224	1,750	219
Educational courses	90,606	245	-	-
Groundskeeping	2,687	-	1,328	166
Instructor fees	1,985	-	-	-
Legal and consulting	191	757	-	-
Management fees	46,913	29,292	14,620	-
Fringe benefits:				
Disability insurance	1,896	2,584	441	241
Health and dental insurance	27,420	23,738	6,559	1,741
Payroll taxes	28,439	25,250	12,242	3,079
Retirement contribution	18,562	7,726	7,217	2,643
General operating expenses:				
Board/committee development	23,216	2,107	299	-
Depreciation	43,887	-	-	-
Employee development	12,137	11,907	5,403	-
Insurance	7,372	5,476	6,165	294
Postage and printing	1,918	2,707	830	97
Repairs and maintenance	7,414	1,125	3,647	456
Telecommunications	18,668	5,392	3,537	355
Travel	14,113	2,733	4,391	-
Volunteer awards and media	49,938	16,837	17,145	-
Occupancy costs:				
Rent	5,584	49,016	30,728	-
Other occupancy costs	4,120	6,946	8,285	167
Utilities	6,413	-	3,207	401
Salaries and wages	357,405	319,577	151,283	39,240
Supplies and materials:				
Educational supplies	162,326	-	-	-
Office supplies	8,986	4,246	3,568	1,047
Operational supplies	122,440	82,382	132,580	-
Total expenses	<u>\$ 1,067,912</u>	<u>\$ 600,267</u>	<u>\$ 415,225</u>	<u>\$ 107,952</u>

The accompanying notes are an integral part of the financial statements.

TIDEWATER EMERGENCY MEDICAL SERVICES COUNCIL, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2022

	<u>Program Services</u>			
	<u>Emergency Medical Services</u>	<u>Healthcare Preparedness Program</u>	<u>Metropolitan Medical Response System</u>	<u>Management and General</u>
Contractual services:				
Accounting	\$ -	\$ -	\$ -	\$ 28,073
Audit and tax	-	-	-	16,750
Bank charges	170	-	95	6,068
Cleaning	3,332	-	1,666	208
Educational courses	87,646	-	-	-
Groundskeeping	2,315	-	1,152	144
Legal and consulting	221	-	-	755
Management fees	40,234	28,187	17,026	-
Fringe benefits:				
Disability insurance	1,730	2,219	441	241
Health and dental insurance	22,033	12,831	6,324	1,690
Payroll taxes	24,932	25,660	10,823	2,818
Retirement contribution	13,356	14,533	6,362	2,458
General operating expenses:				
Board/committee development	40,560	156	280	-
Depreciation	36,787	-	-	-
Employee development	10,639	2,000	2,347	-
Insurance	6,553	3,371	4,581	304
Interest	249	249	249	32
Postage and printing	1,577	2,113	1,332	101
Repairs and maintenance	3,184	-	1,563	195
Telecommunications	19,156	5,354	3,427	347
Travel	6,091	912	636	-
Volunteer awards and media	41,367	10,740	10,740	-
Occupancy costs:				
Rent	5,400	48,288	30,000	-
Other occupancy costs	4,635	5,120	9,477	221
Utilities	5,726	-	2,863	358
Salaries and wages	306,079	304,980	127,091	36,124
Supplies and materials:				
Educational supplies	164,946	-	-	-
Office supplies	5,856	3,436	1,181	1,064
Operational supplies	33,481	57,455	88,040	-
Total expenses	<u>\$ 888,255</u>	<u>\$ 527,604</u>	<u>\$ 327,696</u>	<u>\$ 97,951</u>

The accompanying notes are an integral part of the financial statements.

TIDEWATER EMERGENCY MEDICAL SERVICES COUNCIL, INC.

STATEMENT OF CASH FLOWS

	<u>Year Ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Decrease in net assets	\$ (47,963)	\$ (94,637)
Adjustments to reconcile decrease in net assets to net cash used by operating activities:		
Depreciation	43,887	36,787
Unrealized loss on investments	1,244	160,667
Gain on extinguishment of debt	-	(128,862)
Loss on disposal of equipment	-	570
(Increase) decrease in assets:		
Accounts receivable	(20,157)	(51,231)
Accrued interest income	(1,795)	(3,031)
Other assets	1,441	-
Increase (decrease) in liabilities:		
Accounts payable	(16,694)	(11,446)
Accrued expenses	3,744	16,331
Net cash used by operating activities	<u>(36,293)</u>	<u>(74,852)</u>
Cash flows from investing activities:		
Purchase of property and equipment	(78,830)	(14,986)
Purchase of investments	(525,342)	(206,898)
Proceeds from sale of investments	509,059	151,725
Net cash used by investing activities	<u>(95,113)</u>	<u>(70,159)</u>
Cash flows from financing activities:		
Repayment of obligations under capital lease	-	(14,304)
Net cash used by financing activities	<u>-</u>	<u>(14,304)</u>
Net decrease in cash and cash equivalents	(131,406)	(159,315)
Cash and cash equivalents at beginning of year	309,706	469,021
Cash and cash equivalents at end of year	<u>\$ 178,300</u>	<u>\$ 309,706</u>
Noncash investing and financing activities:		
Initial recording of right of use asset and operating lease liability	\$ 411,616	\$ -
Forgiveness of PPP loan and accrued interest	<u>-</u>	<u>128,862</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	<u>\$ -</u>	<u>\$ 4,611</u>

The accompanying notes are an integral part of the financial statements.

TIDEWATER EMERGENCY MEDICAL SERVICES COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of activities

Tidewater Emergency Medical Services Council, Inc. (the Council) is a not-for-profit Virginia corporation. The Council is headquartered in Chesapeake, Virginia and is one of 11 regional emergency medical service (EMS) councils designated by the Virginia Board of Health in accordance with the Code of Virginia section 32.1-111.4:2. Its purpose is to develop and implement an efficient and effective regional EMS delivery system.

The Council's significant accounting policies are as follows:

Basis of presentation

The Council reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions are available to support operations and are not subject to donor restrictions. Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. The Council has no net assets with donor restrictions.

Use of estimates

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Management believes the estimates and assumptions used are reasonable in the circumstances; however, actual results could vary from those estimates.

Cash and cash equivalents

Investments in money market funds are reported as cash equivalents.

Accounts receivable

Accounts receivable consist principally of amounts due for contract services and are stated at the amount that management expects to collect from outstanding balances. Accounts are considered past due if payments are not received in accordance with the contract terms. Bad debts are recognized using the allowance method based on management's assessment of outstanding balances. Delinquent accounts receivable do not bear interest, and are written off when deemed uncollectible by management.

Investments

U.S. GAAP establishes a framework for measuring fair value, using a hierarchy that prioritizes inputs to valuation techniques used to measure fair value. Investments in marketable securities with readily determinable fair values are reported at fair value based on quoted prices for identical assets in active markets, which is Level 1 of the hierarchy. Realized and unrealized gains and losses are reported as changes in net assets without donor restrictions in the statement of activities.

TIDEWATER EMERGENCY MEDICAL SERVICES COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and equipment

Acquisitions of property and equipment in excess of \$2,000 are capitalized and recorded at cost if purchased or, if donated, the estimated fair value at the date of donation. Depreciation is computed using the straight-line method over estimated useful lives of 5–39 years. Depreciation of assets under capital lease is reported in depreciation expense.

Operating leases

For leases with terms exceeding one year, operating lease liabilities and right of use (ROU) assets are recognized at the lease commencement date, which is the date the lessor makes an underlying asset available for use by the Council. ROU assets represent the Council's right to use an underlying asset for the lease term and lease liabilities represent the present value of the required lease payments over the lease term, discounted using a risk-free interest rate for a period comparable to the lease term. The lease term is the noncancelable period for which the Company has the right to use an underlying asset, including any periods covered by an option to extend the lease if the Council is reasonably certain to exercise that option. Lease expense is recognized on a straight-line basis over the lease term.

Compensated absences

The Council reports a liability for vested unused vacation benefits as of the balance sheet date.

Designation of net assets without donor restrictions

The Board of Directors may designate certain amounts of net assets without donor restrictions for contingencies or other needs, in order to ensure adequate funding for those needs.

Revenues and other support

Revenues and other support are recognized when earned and are reported as increases in net assets without donor restrictions unless specifically restricted by the donor. All donor-restricted support is reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. If the donor restriction expires in the same year the donation is received, the donation is reported as without restrictions.

Contract services revenue

Revenue from contract services is recognized as performance obligations are satisfied, which is as the services specified in the contracts are performed. Total revenue to be earned is specified in each contract. Contract payments are generally due quarterly and are made on a reimbursement basis based on expenditures made by the Council.

Donated assets

Marketable securities and other noncash donations are reported as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless they are subject to donor-imposed restrictions.

TIDEWATER EMERGENCY MEDICAL SERVICES COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

Donated services

Donated services are reported as contributions at their estimated fair value if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by individuals with those skills, and would otherwise be purchased by the Council. The Council generally pays for such services. Volunteers may from time to time assist the Council; however, such assistance is not reported as contributions because the recognition criteria are not met.

Income tax status

The Council is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code; accordingly, these financial statements include no provision for income taxes.

Adoption of new accounting standard

In February 2016 the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. The ASU requires the recognition of ROU assets and lease liabilities on the balance sheet for leases with terms exceeding one year, along with disclosure of information about leasing arrangements. The ASU is effective for years beginning after December 15, 2021, and provides the option to apply it either retrospectively or as of the date of adoption. The Council adopted the ASU as of July 1, 2022, electing to apply it as of that date. The Council further elected to adopt the package of practical expedients available under the standard, which includes relief from the following at the point of adoption: (i) reassessing whether any expired or existing contracts are or contain leases; (ii) reassessing lease classification (operating versus financing) for any expired or existing leases; and (iii) reassessment of initial direct costs for any existing leases. The Council also elected to adopt the additional practical expedient to use hindsight in determining the lease term and in assessing impairment of ROU assets.

The adoption of the ASU resulted in the recognition of an operating lease ROU asset and related liability of \$411,616 as of July 1, 2022. Adoption of the ASU had no impact on net assets as of July 1, 2022 or on the results of operations for the year ended June 30, 2023.

Expense allocation

The Council's expenses are summarized on a functional basis in the statement of activities. The statements of functional expenses present the natural classification of expenses by function. Directly identifiable expenses are charged to programs and supporting services, and certain expenses are allocated among the programs and supporting services benefited on the basis of periodic time and expense studies, square footage, or other appropriate basis. Management and general expenses include costs that are not directly identifiable with a specific function but provide for the overall support and direction of the Council.

TIDEWATER EMERGENCY MEDICAL SERVICES COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – LIQUIDITY AND AVAILABILITY OF RESOURCES

Because its operations are not generally supported by contributions or fund-raising, the Council has adopted formal policies to manage its financial resources. The goals of these policies are to:

- Maintain adequate cash flow and cash reserves to guard against market forces, disasters, or unexpected expenses.
- Allow for continued operations when income falls unexpectedly.
- Permit adjustments to seasonal variances in expenses and income.
- Allow the organization to seize opportunities such as financing a new venture, making an advantageous capital purchase, or expanding a program.

To ensure that adequate resources are available to meet cash needs for general expenditures, it is the Council's policy to maintain cash and cash equivalents sufficient to cover an average of three months of such expenditures. Funds in excess of this amount are invested, with the goals of preservation of capital and conservative risk. Target investment percentages are as follows:

	<u>Target</u>	Acceptable <u>Range</u>
Cash and certificates of deposit (FDIC-insured)	60%	50-75%
Mutual funds (no load):		
Income and/or balanced equity funds	30%	15-40%
Short-term bond funds	10%	0-20%

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable as are follows:

	<u>June 30,</u> <u>2023</u>	<u>2022</u>
Virginia Department of Health	\$ 258,388	\$ 113,242
Virginia Hospital and Healthcare Association	56,191	41,347
Virginia Department of Emergency Management	2,764	115,288
Hampton Roads Planning District Commission	-	37,959
Other	11,400	750
	<u>\$ 328,743</u>	<u>\$ 308,586</u>

TIDEWATER EMERGENCY MEDICAL SERVICES COUNCIL, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 4 – INVESTMENTS

Investments are as follows:

	<u>June 30,</u> <u>2023</u>	<u>2022</u>
Mutual funds:		
Spectrum growth	\$ 183,339	\$ 159,719
Small-cap value	158,863	150,827
Capital appreciation	123,346	107,837
Spectrum income	100,207	96,993
Value	107,680	99,464
Short-term bond	68,688	115,235
	<u>742,123</u>	<u>730,075</u>
Certificates of deposit	522,279	517,493
	<u><u>\$ 1,264,402</u></u>	<u><u>\$ 1,247,568</u></u>

Earnings (loss) on investments are as follows:

	<u>Year Ended June 30,</u> <u>2023</u>	<u>2022</u>
Net unrealized losses	\$ (1,244)	\$ (160,667)
Dividends	49,098	51,737
Interest	8,970	6,005
	<u><u>\$ 56,824</u></u>	<u><u>\$ (102,925)</u></u>

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment are as follows:

	<u>June 30,</u> <u>2023</u>	<u>2022</u>
Building and improvements	\$ 604,955	\$ 598,188
Land and improvements	285,141	265,842
Office equipment	105,867	105,867
Operational equipment	80,091	27,327
Training equipment	24,201	24,201
	<u>1,100,255</u>	<u>1,021,425</u>
Less accumulated depreciation	<u>(326,140)</u>	<u>(282,253)</u>
	<u><u>\$ 774,115</u></u>	<u><u>\$ 739,172</u></u>

TIDEWATER EMERGENCY MEDICAL SERVICES COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 6 – ACCRUED EXPENSES

Accrued expenses are as follows:

	<u>June 30,</u>	
	<u>2023</u>	<u>2022</u>
Compensated absences	\$ 56,424	\$ 54,633
Payroll and related taxes	6,494	4,541
	<u>\$ 62,918</u>	<u>\$ 59,174</u>

NOTE 7 – OPERATING LEASE

The Council leases warehouse space under an operating lease expiring in September 2025 that calls for monthly rent payments of \$5,540, increasing 3% per annum. The lease may be renewed for an additional 3-year term.

Following is a summary of the ROU asset and lease liability at June 30, 2023:

Operating lease ROU asset	\$ 411,616
Less accumulated amortization	<u>(55,448)</u>
	<u>\$ 356,168</u>
Operating lease liability	\$ 356,168
Less current portion	<u>(59,170)</u>
	<u>\$ 296,998</u>

Lease payments due under the lease are as follows:

Year Ending	
<u>June 30,</u>	
2024	\$ 68,880
2025	70,941
2026	73,071
2027	75,264
2028	77,526
Thereafter	<u>19,524</u>
Total payments	385,206
Less imputed interest	<u>(29,038)</u>
Present value of lease liability	<u>\$ 356,168</u>

The discount rate used to reduce lease payments to their present value is 3.0%.

TIDEWATER EMERGENCY MEDICAL SERVICES COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 8 – CONTRACT SERVICES REVENUE

The Council has the following primary contracts:

Virginia Hospital and Healthcare Association

The Council has contracted with the Virginia Hospital and Healthcare Association (VHHA) to assist the Virginia Department of Health (VDH), the Eastern Virginia Healthcare Coalition, and VHHA in their efforts to improve regional and statewide healthcare emergency response systems. The Council employs a regional healthcare coordinator, regional healthcare coordination center manager, exercise and training coordinator, resource management specialist, physician advisor, and medically vulnerable populations coordinator to perform the contracted services. The contract is renewed annually and expires June 30, 2024.

Virginia Department of Health Office of Emergency Medical Services

The Council has contracted with the VDH Office of Emergency Services to provide regional EMS system planning, medical direction, protocol development, mass casualty planning, trauma triage planning, emergent infectious disease planning, and other forms of technical assistance. The contract expires June 30, 2027.

Hampton Roads Planning District Commission

The Council has contracted with the Hampton Roads Planning District Commission (HRPDC) to implement, sustain, and manage the activities of the Hampton Roads Metropolitan Medical Response System (HRMMS). The HRMMS supports and enhances public safety, hospital, public health, and emergency management response capabilities to manage mass casualty incidents. The contract is renewed annually and expires June 30, 2024.

Contract services revenue consists of the following:

	<u>Year Ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Virginia Department of Health	\$ 534,383	\$ 412,970
Virginia Hospital and Healthcare Association	521,744	461,089
Metropolitan Medical Response System	314,940	278,274
	<u>\$ 1,371,067</u>	<u>\$ 1,152,333</u>

NOTE 9 – EMPLOYEE BENEFIT PLAN

The Council sponsors a salary reduction/profit-sharing plan under Section 401(k) of the Internal Revenue Code covering all employees who meet age and service requirements. Participants may defer a portion of their compensation, subject to Internal Revenue Service limits. The Council may make matching and/or profit-sharing contributions to the plan at its discretion. The Council's cost under the plan was \$37,332 and \$38,377 in the years ended June 30, 2023 and 2022, respectively.

TIDEWATER EMERGENCY MEDICAL SERVICES COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 10 – RISKS AND UNCERTAINTIES

Financial instruments

Financial instruments, which potentially subject the Council to concentrations of credit risk, consist principally of cash and cash equivalents, accounts receivable, and investments.

The Council maintains its cash and cash equivalents in high credit quality financial institutions. At June 30, 2023, the balance on deposit in a single financial institution exceeded the limit insured by the Federal Deposit Insurance Corporation by approximately \$46,000.

The Council's investments are held in brokerage institutions. At June 30, 2023, investment balances of approximately \$742,000 were held in a single brokerage institution, which exceeds the \$500,000 limit of protection provided by the Securities Investor Protection Corporation.

A significant portion of the Council's revenues and accounts receivable are concentrated among a limited number of contracts. The loss of one of these contracts could have a material adverse effect on the Council's financial position and results of operations.

Uncertain income tax positions

As required by U.S. GAAP, management has evaluated the Council's income tax positions and has determined that they are "more likely than not" to be sustained upon examination by the applicable tax authorities. Accordingly, no liability for income taxes is included in these financial statements. No interest or penalties related to the Council's income tax positions were incurred or recognized in the financial statements for the years ended June 30, 2023 and 2022. The Council's Forms 990 for 2020, 2021, and 2022 remain subject to examination by the applicable tax authorities.

NOTE 11 – DATE OF MANAGEMENT'S REVIEW

Management has evaluated subsequent events through December 14, 2023, the date on which the financial statements were available to be issued.